

STATE OF TENNESSEE

Office of the Attorney General



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November 19, 2004

Honorable Pat Miller, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Re: Petition of Chattanooga Gas Company for Approval of Adjustment of Its
Rates and Charges and Revised Tariff-TRA No. 04-00034

Dear Chairman Miller:

On Wednesday, November 17, 2004, the Consumer Advocate became aware of an e-mail sent to the Directors of the Tennessee Regulatory Authority ("TRA") regarding a planned stock offering by AGL Resources, Inc., the parent of Chattanooga Gas Company. A copy of the e-mail, dated November 16, 2004, is attached to this letter. Chattanooga Gas is currently involved in a rate case proceeding before the Authority, Docket No. 04-00034, in which the Authority has made a decision and issued a written order after a contested case on the merits in which live testimony was taken. On November 4, 2004, Chattanooga Gas filed a Petition for Reconsideration in which it asked the TRA to, in effect, reverse its decision.

The e-mail sent by Chattanooga Gas provides information that could affect a decision about the capital structure of Chattanooga Gas, which was a major issue in the rate case. Given the fact that the record is closed in this case, there is, however, no way for the Consumer Advocate to respond to this new information. The Consumer Advocate therefore asks that the TRA Directors in the pending Chattanooga Gas rate case take no notice of the e-mail.

In addition, the Consumer Advocate hereby asks the TRA Directors to disregard the personal letter dated November 4, 2004, from Steven Lindsey, Vice-President of Chattanooga Gas, to the Directors in which he requests the Directors to reverse their decision on the capital structure of Chattanooga Gas. This letter was filed simultaneously with Chattanooga Gas's Petition for Reconsideration. The Consumer Advocate is fully ready and able to respond to the legal arguments raised in the Petition for Reconsideration, but cannot respond to what is actually an attempt at

additional testimony from Mr. Lindsey, who was a witness in the proceeding. Accordingly, as with the e-mail, the Consumer Advocate asks the TRA Directors to take no notice of Mr. Lindsey's attempt at new testimony filed after the close of the record.

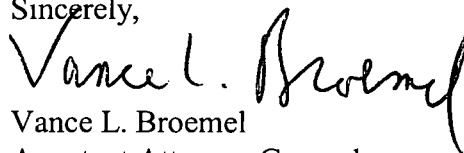
Similarly, the Petition for Reconsideration contains an excerpt from testimony filed in a previous rate case, Docket No. 97-00982 (the excerpt is Exhibit No. 1 to the Petition). Since the record is closed, the Consumer Advocate cannot respond to this attempt at new testimony. It is, of course, notoriously difficult to "unring the bell" but the Consumer Advocate must also ask the TRA Directors to disregard this further attempt at additional testimony.

Given these attempts at factual and testimonial filings made by Chattanooga Gas after the close of the hearing, the Consumer Advocate has grave concerns about the state of the record in this case. In particular, the Consumer Advocate is concerned with safeguarding its fundamental right to "cross-examine and impeach the source of information and to contradict the information" contained in any material or testimony that may affect the decision in this case. Tennessee Consumer Advocate v. Tennessee Regulatory Authority and United Cities Gas Company, 1997 WL 92079 (Tenn. Ct. App.). If the e-mail, personal letter, and testimony from another case are not disregarded, that fundamental right will have been violated.

In conclusion, the record in this matter is and should remain closed. Both parties were aware of the dates by which testimony was to be submitted. If Chattanooga Gas wished for more time to prepare for and add to its case, they could have asked for it, along with an agreement not to put its rates into effect at the end of the six month period after filing. Chattanooga Gas's attempt to supplement the record at this time is unwarranted and inappropriate and endangers the Consumer Advocate's right to a fair hearing.

Thank you for your attention to these matters.

Sincerely,



Vance L. Broemel
Assistant Attorney General
(615) 741-8733

attachment

cc: Counsel of record
Director Kyle
Director Tate
Director Jones

From: "Archie Hickerson" <ahickers@aglresources.com>
To: <Pat Miller1@state tn us>, <Sara Kyle@state tn us>, <Debi Tate@state tn us>, <Ron Jones@state tn us>
Date: 11/16/2004 12 46 24 AM
Subject: Press Release

Chairman Miller
Director Kyle
Director Tate
Director Jones

Attached is a copy of the press released issued November 15, 2004 by AGL Resources announcing the public offering of 9 6 million shares of common stock

CC: <Dan McCormac@state tn us>

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News Release

For Immediate Release

Contact:

Investor Relations

Steve Cave, 404 584 3801 (office)
scave@aglresources.com

or

Media

Nick Gold, 404 584 3457 (office)
404 275 9501 (cell)
ngold@aglresources.com

AGL RESOURCES ANNOUNCES EQUITY OFFERING OF 9.6 MILLION SHARES

ATLANTA--(BUSINESS WIRE)—Nov 15, 2004 — AGL Resources Inc (NYSE ATG) today announced its plans to make a public offering of 9,600,000 shares of its common stock. The offering will be made under the company's shelf registration statement filed with the Securities and Exchange Commission. The underwriters will be granted an option by the company to purchase up to an additional 1,440,000 shares to cover over-allotments, if any.

AGL Resources intends to use approximately \$220 million of the net proceeds to purchase the outstanding capital stock of New Jersey-based NUI Corporation. AGL Resources announced its intention to acquire NUI Corporation on July 15, 2004. AGL Resources intends to use remaining net proceeds to repay short-term debt and for general corporate purposes.

J P Morgan Securities Inc and Morgan Stanley & Co Incorporated will serve as joint book-running managers for the offering.

This news release does not constitute an offer to sell any securities under the offering. The offering of the shares of common stock may be made only by means of a prospectus. Copies of the preliminary prospectus supplement may be obtained from the offices of J P Morgan Securities Inc, Chase Distribution & Support Service, 1 Chase Manhattan Plaza, Floor 5B, New York, NY 10081, or Morgan Stanley & Co Incorporated, Prospectus Department, 1585 Broadway, New York, NY 10036, and are available on the Internet at www.sec.gov or under the "SEC Filings" subsection of the "Investor Information" section of the AGL Resources website, www.aglresources.com.



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About AGL Resources

AGL Resources (NYSE: ATG) is an Atlanta-based energy services holding company and was named 2003 Gas Company of the Year by Platts Global Energy Awards. Its utility subsidiaries - Atlanta Gas Light, Virginia Natural Gas and Chattanooga Gas - serve approximately 1.8 million customers in three states. Houston-based subsidiary Sequent Energy Management provides natural gas asset management, producer, storage and hub services. As a member of the SouthStar partnership, AGL Resources markets natural gas to consumers in Georgia under the Georgia Natural Gas brand. AGL Networks, the company's telecommunications subsidiary, owns and operates fiber optic networks in Atlanta and Phoenix. The company also owns and operates Jefferson Island Storage & Hub, a high deliverability natural gas storage facility near the Henry Hub, Louisiana. For more information, visit www.aglresources.com.

Forward-Looking Statements

Certain statements included or incorporated by reference in this press release and the prospectus supplement reflect assumptions and expectations about future events. These statements, which may relate to such matters as future earnings, growth, supply and demand, costs, subsidiary performance, new technologies and strategic initiatives, are "forward-looking statements" within the meaning of the federal securities laws. These statements do not relate strictly to historical or current facts, and you can identify certain of these statements, but not necessarily all, by the use of the words "anticipate," "assume," "indicate," "estimate," "believe," "predict," "forecast," "rely," "expect," "continue," "grow" and other words of similar meaning. Although we believe that the assumptions and expectations reflected in these statements are reasonable in view of the information currently available, there can be no assurance that these assumptions and expectations will prove to be correct. These forward-looking statements involve a number of risks and uncertainties, and actual results may differ materially from the results discussed in the forward-looking statements. In addition to the specific factors discussed in our reports that are incorporated by reference, the following are among the important factors that could cause actual results to differ materially from the forward-looking statements:

- changes in industrial, commercial and residential growth in NUI Corporation's, or NUI's, and our service territories,
- changes in price, supply and demand for natural gas and related products,
- impact of changes in state and federal legislation and regulation, including orders of various state public service commissions and of the Federal Energy Regulatory Commission on the gas and electric industries and on NUI and us,

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- actions taken by government agencies, including decisions on base rate increase requests by state regulators,
- the ultimate impact of the Sarbanes-Oxley Act of 2002 and any future changes in accounting regulations or practices in general with respect to public companies, the energy industry or NUI's or our operations specifically,
- the enactment of new accounting standards, or interpretations of existing accounting standards, by the Financial Accounting Standards Board or the Securities and Exchange Commission, or SEC, that could impact the way we or NUI record revenues, assets and liabilities, which in turn could adversely affect reported results of operations,
- the enactment of new auditing standards, or interpretations of existing auditing standards, by the Public Company Accounting Oversight Board which could adversely affect NUI's or our ability to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002,
- effects and uncertainties of deregulation and competition, particularly in markets where prices and providers historically have been regulated, and unknown issues following deregulation such as the stability of the Georgia retail gas market, including risks related to energy marketing and risk management,
- concentration of credit risk in marketers that are certificated by the Georgia Public Service Commission to sell retail natural gas in Georgia, as well as concentration of credit risk in customers of our wholesale services segment,
- utility and energy industry consolidation,
- performance of equity and bond markets and the impact on pension and post-retirement funding costs,
- impact of acquisitions and divestitures, including
 - the risk that the businesses of NUI and/or Pivotal Jefferson Island Storage & Hub, LLC will not be integrated successfully with us or that such integrations may be more difficult, time-consuming or costly than expected,
 - revenues following the acquisitions may be lower than expected,
 - expected revenue synergies and cost savings from these two acquisitions may not be fully realized or realized within the expected time frame,

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- our ability to obtain SEC approval of the acquisition of NUI on the proposed terms and schedule,
- the risk that we may be unable to obtain financing necessary to consummate the acquisition of NUI or that the terms of such financing may be onerous, and
- the risk that any financing plan may have the effect of diluting our shareholder value in the near term
- direct or indirect effects on our business, financial condition or liquidity resulting from a change in our credit ratings or the credit ratings of our counterparties or competitors,
- interest rate fluctuations, financial market conditions and general economic conditions,
- uncertainties about environmental issues and the related impact of such issues,
- impact of changes in weather upon the temperature-sensitive portions of the business,
- impact of ongoing investigations and litigation,
- impact of changes in prices on the margins achievable in the unregulated retail gas marketing business,
- increases in competition in the markets served by us,
- the availability and price of insurance,
- the general effects of deregulation of the energy markets, including industry restructuring and unbundling of services,
- the ability to attract and retain key executives and employees,
- fluctuations in energy commodity prices,
- acts of war or terrorism,
- our ability to control operating expenses and to achieve efficiencies in our existing and acquired operations,

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- our ability to continue to modernize our current and acquired distribution infrastructures as scheduled and budgeted, and
- other risks described in our documents on file with the SEC

Any forward-looking statements should be considered in light of such important factors

New factors which could cause actual results to differ materially from those described above emerge from time to time, and it is not possible to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made, and we do not undertake any obligation to update the information contained in such statement to reflect subsequent developments or information except as required by law.

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